

Practitioner Utilization

Trends Among Privately Insured Patients
2005–2006

MHCC Presentation
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Data and Methods

- Private insurers' claims and encounter data (fee-for-service only; capitated claims omitted)
- Practitioner services only (mainly physicians)
- Payment = insurer's payment + out-of-pocket
- Medicare relative value units (RVUs) per service = average *intensity* of the services
- Utilization of care = total RVUs & total # services per user
- Calculate total payments per user, average price (\$/RVU)
- Calculate cumulative risk scores based on reported diagnoses using - Chronic Illness Disability Payment System (CDPS); users classified as Low (bottom 1/3 of scores), Medium, or High
- Standardized comparisons: values for patients (users) who are continuously enrolled, by their risk status category

Data and Methods (continued)

- MHCC analysis variables
 - Region -- Baltimore, National Capital Area, rest of Maryland
 - Payer Type -- HMO, non-HMO
 - Coverage Type – Individual, Private, Public, Small Group; CDHP
 - Market Share – Largest payers, Other payers
 - Risk Status -- Low risk, moderate risk, high risk based on the CDPS
 - Spending Ratio: High-risk \$ / Low-risk \$
 - Ratio of expenditure per user to the expenditure per user at Medicare payment rates; average price per RVU

Caveats

- Total growth in \$\$s and RVUs measures changes in prices, volume, and intensity, but...
- Mix of resources needed to treat patients under different delivery systems largely unknown.
 - Complicated by...
 - Enrollment shifts (resurgence of non-HMOs & growth in CDHP)
 - Decline in use of capitation (HMO capitated services are not included)
- Absence of enrollment file makes calculation of per capita measures difficult to benchmark, but full-year users is a step forward.

Distribution & Count of All and Full-Year Users by Coverage Type, 2006

	Percent of All Users	Percent of Full-Year Users	Percent of Full-Year Covered Lives
ALL	100%	100%	n/a
1. Individual Plan	6	6	n/a
2. Private Employer Plan	43	41	n/a
3. Public Employer Plan	34	40	n/a
4. CSHBP	17	13	n/a
ALL (count)	2,406,093	1,804,558	n/a

Payments 2005-2006

- Growth in per capita spending is 4%.
 - \$941 average per user (both part- and full-year users)
 - Increases driven by a 5% increase in RVUs per user
 - Small decline(?) in price per RVU (-1%)
- Spending changes varied by region and coverage type.

Payment Per User & Change in RVU Use & Prices, 2006

REGION	Payment per User	% Change from 2005		
		\$\$\$ per User	RVUs/ User	Price per RVU
TOTAL	\$941	4%	5%	-1%
National Capital Area	1000	3	5	-2
Baltimore Metro Area	929	4	5	-1
Other Maryland	878	6	6	-1

Average payment per RVU is higher in NCA (\$42) than Baltimore (\$38) or other Maryland (\$39). RVUs per user are higher in Baltimore than NCA, and lowest of all in other parts of Maryland.

Payment Per User & Percent Paid Out-of-Pocket By Coverage Type (All Users), 2006

	Payment per User; % change from 2005		% Paid Out-of-Pocket
ALL	\$941	4%	18%
Non-CDHP	943	4	18
1. Individual Plan	842	0	40
2. Private Employer Plan	930	5	17
3. Public Employer Plan	1012	4	15
4. Small Group	868	2	20
CDHP	859	-1	40

Distribution of Risk Among Full-Year Patients by Coverage Type

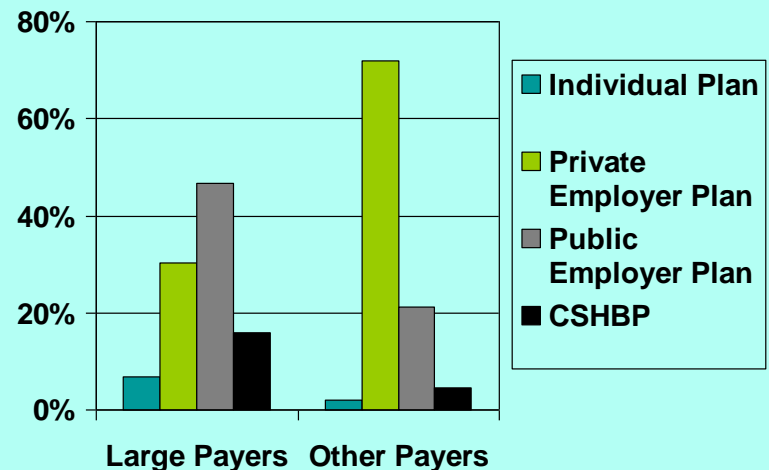
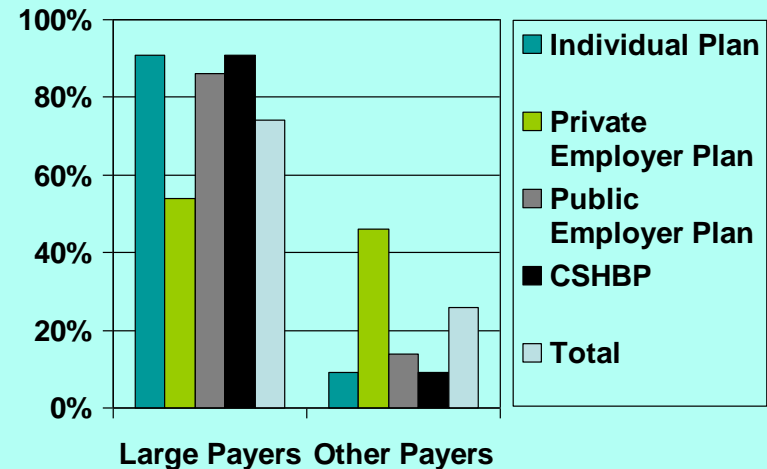
	Low-Risk	Med.-Risk	High-Risk
ALL	35%	31%	33%
Non-CDHP	35	31	33
1. Individual Plan	42	31	27
2. Private Employer Plan	36	32	32
3. Public Employer Plan	34	31	35
4. Small Group	35	31	33
CDHP	42	31	26

Payments by Risk Status and Coverage Type (Full-Year Enrollees), 2006

	High to low-risk spending ratio	Mean Payment per User			
		All	Low-Risk	Med.-Risk	High-Risk
ALL	4.9	\$1,046	\$381	\$791	\$1,998
1. Individual Plan	3.2	982	402	839	2,072
2. Private Employer Plan	4.6	1,045	393	804	2,015
3. Public Employer Plan	5.7	1,054	360	762	1,967
4. Small Group	4.8	1,068	393	815	2,019
CDHP	3.0	963	412	826	2,003

Market Share Analysis: Full-Year Users

- Large Payers – Carefirst, United Health Care (MAMSI, UHC, GoldenRule, but no Definity or Uniprise) = 74% of users.
- Other Payers – AETNA, CIGNA, Kaiser, Unicare (Wellpoint private label), Guardian, Fortis, Trustmark, Great West, and others = 26% of users.
- Large payers are dominant in 3 of 4 markets – individual, public, small group; But, other payers increased shares of public & small group users.
- Mix of users: In largest payers nearly half are public employees. In Other payers, 72% come from large, private employer plans.



Payment Per User and Risk Distribution by Payer Market Share (Full-Year Enrollees), 2006

	Mean Payment per User	Ratio of Expenditure to spending at Medicare rates	Services per user; RVUs per service	% Low-Risk Users	% High-Risk Users
ALL	\$1,046	1.00	16; 1.8	35%	33%
Largest Payers	1,041	0.97	16; 1.8	35	33
Other Payers	1,062	1.09	15; 1.8	36	33

Conclusions

- Growth in per user payment was driven by a 5% increase in resource use per user (marginal intensity+ volume increase).
- Spending per user increased most rapidly in large, private employer plans (5%), followed by public employees (4%); small group had a lower growth rate (2%). Price per RVU declined(?) slightly (-1%).
- The distribution of individuals with higher risk varies with coverage type. Individuals insured by...
 - Public employers have the lowest per user spending by risk category, but are more likely to be high-risk users, making the average per user spending high.
 - The individual market have the highest spending in 2 of 3 risk categories, but are more likely to be low-risk users, making the average per user spending relatively low.
- Lower per user spending but higher resource among users insured by large payers.
 - Large payers have users with a slightly higher risk status, but pay lower prices.
 - Large payers are dominant among large private & public employers; price matters to employers, who use competitive bidding.

Trends in Utilization & Spending

Analyses from 2001 – 2006

- Annual increase in inflation-adjusted per user spending declined from 2002 through 2004; up slightly in 2005 & again in 2006.
- Quantity of care (RVUs per user) grew at 5-6% in 2002 & 2003, declined in 2004, stable in 2005, up 5% in 2006.
- Prices for practitioner services increased 2% increase per year from 2002-2004, up 3% in 2005, slight decline (?) (-1%) in 2006. Maryland fees averaged near Medicare level.